

**LAPSE OF
TIME**

EB/EVC/20/2

February 18, 2020

To: Members of the Evaluation Committee

From: Hassan Al-Atrash, Committee Secretary

Subject: **Budget Proposal for the Independent Evaluation Office for FY2021 and Indicative Budgets for FY2022 and FY2023**

Committee Action:	Committee Members' consideration on a lapse of time basis
Deadline to Request a Committee Meeting, after which Proposed Recommendation Deemed Approved:	Tuesday, February 25, 2020 12:00 (noon)
Additional Information:	If endorsed by the members of the Evaluation Committee, this document will be circulated to the Board for lapse of time approval. The proposed FY2021 budget is unchanged in real terms from FY2020.
Questions:	Mr. Collyns, IEO (ext. 38383) Mr. Kell, IEO (ext. 37715)
Additional Distribution:	Members of the Executive Board

Budget Proposal for the Independent Evaluation Office for FY2021 and Indicative Budgets for FY2022 and FY2023

February 14, 2020

This note presents a proposed FY2021 budget for the Independent Evaluation Office (IEO) for consideration by the Evaluation Committee. The IEO is proposing a budget of \$6,593,829, representing zero real growth in spending compared with the FY2020 budget. This note also presents indicative budgets for FY2022 and FY2023 that are consistent with zero real growth.

Background

1. In accordance with the IEO's terms of reference, the IEO consults with the Evaluation Committee and submits its budget for approval to the Executive Board "*independent of the budgetary process over which management and the Office of Budget and Planning have authority.*"¹ Since FY2009, the IEO's budget proposal has been identified separately in the overall budget decision for the IMF. This separate process for the preparation and approval of the IEO's budget was designed to establish independence from management and staff, and to facilitate consideration of the office's budget on its own merits. Since then, changes in the IEO's budget have remained broadly in line with those in the Fund-wide budget.
2. The IEO estimates that it will end FY2020 with total spending of \$6.75 million, about 5 percent above its approved budget but 5 percent below the total funding available, which included a one-time carry-over of 10 percent of the FY2019 budget. The IEO requested the larger than usual carry-over to manage the bunching of expenditures in FY2020 on recently launched projects. However, while spending did indeed pick up in FY2020, consultant costs were somewhat lower than originally projected because some minor scheduling delays in one of the evaluations have pushed some payments to FY2021.

¹ See *The Fund's Independent Evaluation Office (IEO) Terms of Reference* (EB/EVC/04/10, Attachment).

Budget Proposal for FY2021

3. The IEO's FY2021 budget proposal is for \$6,593,829. This figure is consistent with zero real growth over the FY2020 budget.² This budget (together with the proposed carry forward, as explained below) would allow the IEO to fulfill its FY2021 work program, which will include completing two ongoing evaluations, launching two new evaluations, and preparing an update of one past IEO evaluation.
4. The current budget proposal and the corresponding work plans are predicated on carrying forward unspent funds from the approved FY2020 budget for spending in FY2021 up to 5 percent of the budget as agreed in the carry forward policy adopted in 2009.³ As noted at the time, this carry forward provides the IEO with the flexibility needed to deal with timing uncertainties and bunching of payments to be expected in a small office.
5. The attached table also presents indicative budgets for FY2022 and FY2023, which are also based on zero real growth. These are provided for information purposes only.

The Proposed Budget Decision

6. In sum, the IEO is seeking approval by the Executive Board of an FY2021 budget of \$6,593,829, which is flat in real terms as compared to FY2020. This figure will need to be adjusted in due course based on the deflators actually used for the Fund-wide budget. In addition, the IEO is seeking to carry-forward to FY2021 up to 5 percent of the unspent funds from the FY2020 approved budget.

² The parameters used to calculate this proposal are based on the January 2020 WEO projections of U.S. CPI, which are 2.4 percent for FY2021, 2.4 percent for FY2022 and 2.3 percent for FY2023. IEO's budget ultimately will be based on the deflators actually used for the Fund-wide budget.

³ See EBAP/09/45 which contemplates a carry-forward of 5 percent of the resources in the previous year.

IEO Administrative FY2021 Budget: Preliminary
(In U.S. dollars)

				Proposed	Indicative	
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total budget	6,202,574	6,350,148	6,439,286	6,593,829	6,752,081	6,907,379
Regular staff	4,866,710	5,012,711	5,092,915	5,215,145	5,340,308	5,463,136
Groups III - VI ¹	1,335,864	1,337,437	1,346,371	1,378,684	1,411,722	1,444,243
<i>Memorandum items:</i>						
Carry forward from previous year ²	301,540	306,047	635,015	321,964		
Total available resources ³	6,622,444	6,808,545	7,074,301	6,915,793		
Total spending	6,293,496	6,073,116	6,752,337			

¹ Includes contractual and other employees, discretionary budgets (including business travel), and centrally-managed budgets (including printing publications).

² Carry forward for FY2021 is estimated based on current spending. The actual amount will be available in June 2020, once budgetary outturn for FY2020 is finalized.

³ In FY2017, IEO returned \$200,000 of available resources to the central budget. In FY2018 and FY2019, available resources were increased by \$118,300 and \$152,350, respectively, as a one-time augmentation to manage the transition costs related to turnover of B-level staff.